

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In the Matter of: : Case No. 08-60905
: Chapter 7; Judge Preston
Pharmaceutical Alternatives, Inc. :
:
Debtor :

**MOTION FOR AUTHORITY TO COMPROMISE DISPUTES WITH
NORTHCOAST HEALTHCARE MANAGEMENT SERVICES
LTD REGARDING ANTHEM CLAIMS**

William B. Logan, Jr., Trustee in the above captioned case, moves this Court for authority to compromise claims which the bankruptcy estate has against Northcoast Healthcare Management Services LTD (“Northcoast”), with regard to claims handled by Northcoast on behalf of the Debtor for claims to be paid by Anthem Blue Cross and Blue Shield (“Anthem”), a healthcare insurance company. If approved by the Court, this settlement would result in the following:

1. A cash payment of \$26,051.00 to the bankruptcy estate.
2. The withholding of twenty percent of amounts due the bankruptcy estate to protect Northcoast against retrospective denials and other take backs.
3. The payment by Northcoast to the bankruptcy estate of additional collections, subject to a twenty percent withholding, within thirty days of the last day of the month of collection.
4. The withheld amount is to be retained by Northcoast until the Trustee notifies Northcoast that he is preparing to close the administration of this case, at which time the parties will negotiate the additional amount to be paid to the bankruptcy estate, which will be determined based upon the experience of Northcoast with retrospective denials and other take backs.

WHEREFORE, the Trustee prays for an order of this Court authorizing the compromise with Northcoast under the terms stated above, and more fully described in the memorandum in support of this motion.

Respectfully submitted,

LUPER, NEIDENTHAL & LOGAN
A Legal Professional Association

/s/ William B. Logan, Jr.

William B. Logan, Jr., Case Attorney
for William B. Logan, Jr., Trustee
50 West Broad Street, Suite 1200
Columbus, OH 43215
Supreme Court Number: 0019290
614/229-4449

MEMORANDUM IN SUPPORT OF MOTION

Pharmaceutical Alternatives, Inc. ("PAI") contracted with Northcoast to provide PAI with various services, including billing and collection of PAI accounts with certain insurance companies, including Anthem.

Disputes have arisen between the Debtor and Northcoast regarding the relationship between the Debtor and Northcoast on the Anthem account, and on other matters, which will not be dealt with in this motion.

Attached hereto is a chart showing the status of various accounts, claims and counter-claims between the Debtor and Anthem. This chart shows the following information:

1. The total amount due the bankruptcy estate from Northcoast is \$60,833.18, consisting of pre-petition claims of \$40,060.86 and post-petition claims of \$20,772.32.
2. The total amount due Northcoast from the Debtor is \$28,269.43 consisting of \$4,426.03 in invoices already paid by Northcoast to the Debtor for which Northcoast has never been paid by the insurance company, \$21,000.00 due to Northcoast from the Debtor which was due in 2008 and was never paid, and \$2,843.40 in take backs by Anthem for pre-petition obligations.
3. The total amount of Anthem accounts which are still open for processing is \$12,793.40, of which \$5,039.95 is pre-petition, and \$7,753.45 is post-petition.

The Trustee has reviewed all of the information provided by Northcoast with regard to each of the accounts, with the assistance of Mr. Steve Williams, the individual retained by the Trustee to assist in the analysis and collection of accounts receivable, and the Trustee has determined that the amounts stated in the attached analysis appear to be correct.

The amount of \$26,051.00 will be paid upon approval by this Court, computed as follows:

| | |
|---|----------------------|
| 1. Payments received for pre-petition and post-petition claims | \$60,833.18 |
| Less: | |
| 2. Amount due Northcoast | <u>(\$28,269.43)</u> |
| Tentative amount due | \$32,563.75 |
| Less: | |
| 3. 20% withholding for retrospective denials and other take backs | <u>(\$6,512.75)</u> |
| Amount currently payable | \$26,051.00 |

The amount to be withheld (i.e., 20% of the tentative amount due to the estate) is \$6,512.75. This amount may increase, if any of the outstanding accounts are collected, thereby adding 20% of the total amount collected to this account, and may decrease if there are any retrospective denials or other take backs, which are common in the medical field. Upon notification to Northcoast by the Trustee that he intends to close this case, Northcoast and the Trustee will discuss how to resolve the withheld amounts, and will determine the proper amount to be paid to the bankruptcy estate, based upon the experience of Northcoast with retrospective denials and other take backs. Since this aspect of the settlement is not being resolved at this time, in the future the Trustee will need to get Court approval of any additional compromise provisions, and requests the authority to obtain a Court order for that settlement upon approval only of Capital Wholesale Drug Company and Cardinal Health 113, LLC or such other creditor which may be affected by the settlement at the time of closing of this case.

Respectfully submitted,

LUPER, NEIDENTHAL & LOGAN
A Legal Professional Association

/s/ William B. Logan, Jr.

William B. Logan, Jr., Case Attorney
for William B. Logan, Jr., Trustee
50 West Broad Street, Suite 1200
Columbus, OH 43215
Supreme Court Number: 0019290
614/229-4449

NOTICE OF RIGHT TO RESPOND WITHIN 20 DAYS

Movant has filed papers with the Court for authority to compromise disputes with Northcoast Healthcare Management Services LTD regarding Anthem Claims.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult with one.)

If you do not want the court to grant the Motion, or if you want the Court to consider your views on the Motion, then on or before twenty (20) days from the date of the mailing of this Notice, you or your attorney must:

File with the Court a written request for hearing and an objection to the Motion stating therein the basis for your objection. This pleading must be filed at the Clerk of Courts, United States Bankruptcy Court, 170 North High Street, Columbus, Ohio 43215. If you mail your response to the Court for filing, you must mail it early enough so that the Court will *receive* it on or before the date stated above.

Clerk of Courts
United States Bankruptcy Court
170 N. High Street
Columbus, OH 43215

If you mail your request to the Court for filing, you must mail it early enough so the Court will **receive** it on or before the date stated above.

You must also mail a copy to:

William B. Logan Jr., Trustee
Luper Neidenthal & Logan
A Legal Professional Association
50 W. Broad Street, Suite 1200
Columbus, OH 43215

Office of the U. S. Trustee
170 N. High Street
Columbus, OH 43215

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Motion and may enter an Order granting that relief.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on July 13, 2009, a copy of the foregoing was served electronically through the Court's ECF system upon the following:

Asst US Trustee (Col) ustpreion09.cb.ecf@usdoj.gov
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David J. Wigham wigham@ccj.com
Mary Anne Wilsbacher MaryAnne.Wilsbacher@usdoj.com

And served by regular U.S. Mail, postage prepaid, upon the following:

Northcoast Health Care Management
Services, Ltd.
23230 Chagrin Blvd.
Beachwood, OH 44122

Capital Wholesale Drug Company
c/o Porter, Wright, Morris & Arthur LLP
41 South High Street, 31st Floor
Attn: Polly J. Harris, Esq.
Columbus, OH 43215

Pharmaceutical Alternatives, Inc.
238 Main Street
Coshocton, OH 43812

Novis Pharmaceuticals, LLC
5000 SW 75th Avenue, Suite 121
Miami, FL 33155

United States of America on behalf of IRS
Two Nationwide Plaza
280 N High Street 4th Fl
Columbus, OH 43215

Recovery Management Systems Corporation
25 SE 2nd Avenue, Suite 1120
Miami, FL 33131

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William Albert
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Saint Louis, MO 63179-0442

Ameritech
c/o Collection Bureau of America
25954 Eden Landing Road
Hayward, CA 94545

Aspen Publishing
7201 McKinney Circle
Frederick, MD 21704

Anthem Blue Cross and Blue Shield
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Coshocton County Memorial Hospital
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Coshocton, OH 43812

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Gemco Medical
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Hudson, OH 44236-0429

Emerald Health Network
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Columbus, OH 43229

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North Canton, OH 44720

Huntington National Bank
422 West Main Street
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Indianapolis, IN 46266-0277

Internal Revenue Service
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Columbus, OH 43215

Homecare Matters
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Galion, OH 44833

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Cincinnati OH 45201

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Ohio Bureau of Workers Compensation
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Overpayment Recovery Service
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Nashville, TN 37229-1269

Ohio Department of Job & Family Services
Attn: Revenue Recovery
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Columbus, OH 43218-2404

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Sugarcreek, OH 44681

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/s/ William B. Logan Jr.
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